

HYDRO ONE REMOTE COMMUNITIES INC- 1

Reference: Exhibit B/Tab 1/Schedule 1 – Project Routing & Substation Locations

Preamble: N/A

Request:

- a) During the project development and planning process the Watay project has undergone various routing changes. Is Wataynikaneyap Power LP (“WPLP”) aware of any other possible changes to the project route or substation locations?
 - b) If so, will these future changes have a significant impact on the expected project schedule or cost?
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Response:

- a) A number of routing and substation locations are subject to refinements, most of which are minor in nature. To the extent that any committed changes are material in nature, WPLP will notify the OEB at an appropriate point in time, pursuant to the LTC conditions of approval.

Please refer to the response to Board Staff 1 for additional information.

- b) If future changes in project route or substation locations are required, WPLP does not anticipate that they would have a significant impact on the expected project schedule or cost.

Please refer to the response to Board Staff 1 for additional information.

HYDRO ONE REMOTE COMMUNITIES INC- 2

Reference: Exhibit B/Tab 1/Schedule 3 – Project Schedule

Preamble: N/A

Request:

- a) Are there any material changes to the schedule as filed in the Application? Specifically, are there any changes to the proposed community connection dates?
- b) If so, please provide an updated project schedule and general explanation of the changes.
- c) Please provide a general status update on community readiness for all connecting communities and the supporting structure in place to ensure success.
- d) Please provide a detailed status update of the six proposed new communities (Independent Power Authorities/IPA's) not currently serviced by Hydro One Remote Communities Inc. ("HORCI") against pre-connection requirements.
- e) Does WPLP foresee any schedule difference between IPA readiness and the Watay grid energization dates?

Response:

- a) Yes, there are material changes to the schedule as filed in the application and yes there are changes to the community connection dates.
- b) WPLP has provided the following table that reflects changes to the proposed community connection dates for the 2022 test year:

	Rate Application	Rate Application Update
Group 1		
W54W	Apr-22	Apr-22
Group 2		
WCJ - Kingfisher	Jun-22	Jun-22
WJI - Wunnumin	Jul-22	TBD
WJK - Wawakapewin	Sep-22	TBD
WKL - Kasabonika	May-23	TBD
WKM - Wapekeka	May-23	TBD
WCD - North Caribou	Jun-22	Jun-22
WDE - Muskrat Dam	Sep-22	TBD
WEF - Bearskin	Sep-22	TBD
WEG - Sachigo	May-23	TBD
Group 3		
P1P2 - Pikangikum	Apr-22	Apr-22
WQR - Poplar Hill	Apr-22	TBD
WRT - Deer Lake	May-22	TBD
WTZ - Sandy Lake	Aug-22	TBD
WZV - North Spirit	Oct-22	TBD
WVY - Keewayin	May-23	TBD

WPLP is currently working with the EPC Contractor to determine the in-service dates for communities in future test years. The impact on WPLP's 2022 Test Year revenue requirement resulting from the changes to in-services dates are addressed in WPLP's evidence update, which is filed as Exhibit K (See Board Staff IR 8, Appendix 'A').

- c) WPLP has met regularly with HORCI to discuss details related to community connection activities, including detailed design and scope of work responsibilities for design, procurement and construction activities each community connection point. WPLP intends to work collaboratively with HORCI to identify additional tasks related to commissioning and non-construction requirements to be completed prior to the in-service date for each community. WPLP will assign resources as required to complete any tasks that are outside of the scope of the EPC contract (e.g. development of connection agreements and operating procedures).

Please refer to the responses to Board Staff IR 7 (a) and (b) and HORCI IR 2 (d) for additional information on the status of IPA communities specifically.

- d) Please refer to the latest monthly reports from OSLP and Indigenous Services Canada in **Appendix 'A'**.
- e) Based on the current IPA schedule, all IPA communities are planned to be upgraded and in a position to get connect to the WPLP transmission system when construction of the relevant stations and segments on the WPLP Transmission System is completed. Currently, upgrades

to IPA communities are planned to be completed 100 days before the WPLP transmission system is energized at the respective transmission substations.



Status Update: Watay Project Parallel Process Projects July 9, 2021



IPA Upgrades & Transfer Projects

Overview: In six communities currently serviced by Independent Power Authorities (IPA), bring local distribution (Dx) systems up to provincial standards, construct Compound (C) sites for Hydro One Remote Communities Inc. (HORCI), collection customer information for HORCI, and execute Transfer Agreements and permits.

Design Stage:

RECIPIENT	MAIN PROJECT ACTIVITIES				OVERALL STATUS
	ISC PROJECT APPROVAL	DX SYSTEM TENDER PACKAGE AWARDED	HORCI COMPOUND TENDER PACKAGE AWARDED	CUSTOMER INFORMATION COLLECTION WORK PLAN	
Opiikapawiin Services LP	✓	✓	✓ 4 of 5 (Muskrat Dam ongoing)	Circulated to Tribal Councils on Dec 15 th Collection part of Construction Stage	Ongoing: <ul style="list-style-type: none"> • Muskrat Dam HORCI Compound design • Poplar Hill Compound site selection • Transfer Agreement templates

Construction and Transfer Stage:

RECIPIENT	PROJECT ACTIVITIES AND STATUS						OVERALL STATUS
	DESIGN, TENDER & PRE-CONSTRUCTION	ISC PROJECT APPROVAL	CONSTRUCTION	CUSTOMER INFO COLLECTION	AGREEMENTS / PERMITS (✓ Executed)	GRID CONNECTION DATE*	
Poplar Hill (funding recipient is Keewaytinook Okimakanak Tribal Council (KOTC))	<u>Dx</u> : ✓	✓	<u>Dx</u> : ESA inspection complete (passed); minor deficiency to be addressed in summer	FN engaged during in-person meeting on Jun. 23 rd	Transfer Agreement (FN reviewed and plans to execute closer to grid connection) MNRFP permit (C) 28(2) Permit (Dx)	30-Apr-2022	✓ On track Delays not currently putting grid connection date at risk
	<u>C</u> : Second round of groundwater / soil testing complete; Waiting on HORCI to accept site so Ontario (MNRFP) can issue Land Use Permit		<u>C</u> : Majority of items shipped, including modular; construction to commence after site selection complete				

RECIPIENT	PROJECT ACTIVITIES AND STATUS						OVERALL STATUS
	DESIGN, TENDER & PRE-CONSTRUCTION	ISC PROJECT APPROVAL	CONSTRUCTION	CUSTOMER INFO COLLECTION	AGREEMENTS / PERMITS (✓ Executed)	GRID CONNECTION DATE*	
Wunnumin	✓	✓	Dx: Scheduled work completed; re-start May 2021 with expected completion Jul. 31, 2021	Kick-off meeting scheduled for Jul. 14 th ; door-to-door info collection to commence late July into August	Transfer Agreement 28(2) permit	31-Jul-2022	✓ On track Delays not currently putting grid connection date at risk
			C: Work underway; KAL estimates final completion Jul. 31, 2021				
Muskrat Dam	✓	✓	Dx: Materials mobilized to site; Aug. 30 - Sep. 31, 2021 main line work planned		Transfer Agreement MNRFP permit (C) 28(2) Permit (Dx)	30-Sep-2022	✓ On track Delays not currently putting grid connection date at risk
			C: Site plan approved by HORCI; GeoTech complete; Phase II ESA delayed until mid-July due to equipment failure; construction tender process to follow				
North Spirit Lake (funding recipient is KOTC)	✓	✓	Dx: ESA inspection complete (passed)		Transfer Agreement 28(2) permit	31-Oct-2022	✓ On track
			C: Substantial completion expected in Sep. 2021				
Keewaywin (funding recipient is KOTC)	✓	✓	Dx: Work planned to start July 12, 2021		Transfer Agreement 28(2) permit	31-May-2023	✓ On track
			C: Ongoing				
Wawakapewin	✓	✓	Dx: ESA inspection complete (passed); project close-out underway	N/A until licensed distributor agrees to service the FN		30-Sep-2022	✓ On track
			C: on hold licensed distributor commits to service community				TBD

Green = Complete / Yellow = Underway / Red = To be completed
 GCDOCS # 87251332

Backup Power (BUP) Projects:

Overview: In each connecting community, implement backup power solution based on the Backup Power Plan. Backup power solutions include: community-wide backup power by repurposing the community's existing diesel generating station (community-wide BUP) and dedicated standby generators at ISC-funded community assets (critical asset BUP).

RECIPIENT	TYPE OF BUP	ISC PROJECT APPROVAL	ENVIRON. SITE ASSESSMENT	ESA, TSSA & FIRE SAFETY ASSESSMENT**	DESIGN	CONSTRUCTION	AGREEMENTS / PERMITS (✓ Executed)	GRID CONNECTION DATE***	OVERALL STATUS	
Wawakapewin	Critical Asset	Note: May revisit re-purposing DGS to provide community-wide BUP when licensed distributor commits to service community							30-Sep-2022	✓ Complete
Pikangikum	Critical Asset	✓	N/A – critical asset only				N/A	19-Dec-2018	✓ On track	
Wunnumin	Community-wide* and critical asset	✓		Scheduling of ESA & Fire Safety site visit underway	BJT hired to complete design (Includes TSSA work)		Operating Agreement Permit: TBD	31-Jul-2022	✓ On track	
Poplar Hill (funding recipient is KOTC)	Community-wide* and critical asset	✓	Ph. I through IPA Upgrades Project; ISC-ENV reviewing; Ph. II needed		BJT's design proposal under review by project team		Operating Agreement Permit: TBD	30-Apr-2022	✓ On track	
Kingfisher	Community-wide and critical asset	✓	N/A - HORCI community		Underway by HORCI for community wide		Electrification Agree. 28(2) Permit	30-Sep-2021****	✓ On track	
North Caribou Lake	Critical Asset	FN developing minor capital approval request	N/A – critical asset only				N/A	31-Jan-2022****	✓ On track	
Deer Lake	Community-wide and critical asset	KOTC developing minor capital approval request	N/A - HORCI community				Electrification Agree. 28(2) Permit	31-May-2022	✓ On track	
Muskrat Dam	Community-wide* and critical asset	IFNA developing project approval request					Operating Agreement Permit: TBD	30-Sep-2022	✓ On track	
North Spirit Lake	Community-wide* and critical asset	KOTC developing project approval request					Operating Agreement Permit: TBD	31-Oct-2022	✓ On track	
Keewaywin	Community-wide* and critical asset	KOTC developing project approval request					Operating Agreement Permit: TBD	31-May-2023	✓ On track	

Green = Complete / Yellow = Underway / Red = To be completed
GCDocs # 87251332

PROJECTS TO COMMENCE IN 2022-2023 FISCAL YEAR:								
Sandy Lake	Community-wide and critical asset		N/A - HORCI community			Electrification Agree. 28(2) Permit	31-Aug-2022	✓ On track
Bearskin Lake	Community-wide and critical asset		N/A - HORCI community			Electrification Agree. 28(2) Permit	30-Sep-2022	✓ On track
Kasabonika	Community-wide and critical asset		N/A - HORCI community			Electrification Agree. 28(2) Permit	31-May-2023	✓ On track
Kitchenuhmaykoosib Inninuwug	Community-wide and critical asset		N/A - HORCI community			Electrification Agree. 28(2) Permit	31-May-2023	✓ On track
Sachigo Lake	Community-wide and critical asset		N/A - HORCI community			Electrification Agree. 28(2) Permit	31-May-2023	✓ On track
Wapekeka	Community-wide and critical asset		N/A - HORCI community			Electrification Agree. 28(2) Permit	31-May-2023	✓ On track

*Assuming agreement can be reached between parties (Canada (ISC), HORCI, and First Nation)

**ESA = Electrical Safety Authority / TSSA = Technical Standards and Safety Authority

***Based on Watay Power's Schedule dated March 31, 2020

****Watay has confirmed that these connection dates are no longer accurate; connection is expected to occur in spring/summer 2022

Green = Complete / Yellow = Underway / Red = To be completed

GCDOCS # 87251332

HYDRO ONE REMOTE COMMUNITIES INC- 3

Reference: Exhibit B/Tab 1/Schedule 4 – Project Organization & Execution

Preamble: N/A

Request:

- a) Have there been any notable changes to the operations and maintenance resources, organizational structure, plan or strategy since the filing of the Application?
- b) What key tasks are currently being done to ensure sufficient operations and maintenance capacity for both new and existing communities?
- c) Please provide an update on the Interim O&M strategy? Specifically, the control room and field/trouble services.
- d) Have any agreements been formalized with suppliers, contractors, partners to ensure reliable operations going forward?
- e) Have transportation contracts (i.e. planes/helicopters) been formalized?
- f) What is the shelf-life of the Interim O&M strategy? How long is it expected to be an interim strategy?
- g) What does the desired post-Interim O&M strategy look like?

Response:

- a) WPLP continues to hire additional staff, as discuss in response to HORCI-5. There have been no other notable changes since filing the Application.
- b) In respect of operating and maintaining the existing supply to Pikangikum First Nation, WPLP is actively operating and maintaining the distribution system, including control room functions, periodic line and substation inspections, asset maintenance and repair. Inspection, maintenance, repair and emergency response activities are provided through a service agreement with a third-party utility contractor that is able to ramp us resources as required to address fluctuations in work activity.

In respect of operating and maintaining the transmission system that will reinforce the supply to Pickle Lake and connect additional communities beginning in 2022, WPLP is actively recruiting additional operations staff, and is preparing scope of work and procurement documents to secure third-party services for O&M (including emergency response) and control room services.

- c) WPLP intends to proceed with procurement processes in Q3 2021 to retain third-party service providers for O&M services (including emergency response) and control room services. WPLP intends to include requirements in its third-party service agreements related to Indigenous participation, training and capacity building, as discussed in Exhibit B-1-4.
- d) Please see the responses to parts b) and c) above related to existing agreements and timelines for procuring additional third-party services. Additionally, WPLP intends to pursue mutual assistance agreements with other Ontario transmitters and LDCs, and will be able to leverage the supply chains and other resources of Fortis Inc. affiliates throughout North America, as discussed in response to Staff-2.

The EPC contract also includes a warranty period during which Valard is directly responsible for correcting any defects.

- e) WPLP closed an RFP for helicopter services on July 16 and one or more agreements for helicopter services are expected to be executed in the near future.
- f) WPLP's O&M strategy is expected to be regularly refined during the construction period (i.e. between 2021 and 2024), based on factors such as actual experience with system performance, reliability and maintainability as assets come into service, experience with third-party service providers, as well as progress with capacity building and training programs. Qualification of the O&M strategy as "Interim" during the construction phase (i.e. until 2024) is meant to address the circumstance that certain assets will need to be operated and maintained while other assets are still under construction, and that the level of O&M work activity will therefore change regularly during the construction period.

As discussed in Exhibit B-1-4, WPLP expects to balance the use of local operational resources with third-party contracted services, with an expectation of scaling up internal resources over time. The success of WPLP's capacity building and training programs will influence the timing for WPLP to transition more activities to internal staff. WPLP intends to provide further updates on its O&M strategy in future applications. While WPLP expects that O&M work activity will become more stable and predictable as all assets are in service, the longer-term O&M strategy will continue to be periodically monitored and refined for continuous improvement.

- g) Please see response to part f) above.

HYDRO ONE REMOTE COMMUNITIES INC- 4

Reference: Exhibit E/Tab 1/Schedule 1 – Load & Revenue Forecast

Preamble: N/A

Request:

- a) Why did WPLP use load and revenue data from a 2018 back-up report instead of receiving more current information from community partners?
- b) Has any work been done to confirm or verify the peak loads in the communities (IPA's) not currently served by Hydro One Remotes?
- c) Why did WPLP use data from Sioux Lookout Hydro instead of Hydro One Remotes for its monthly trending?

Response:

- a) WPLP used peak demand data from the 2018 report because that data was readily available and had previously been reviewed and vetted by a number of parties. As discussed in more detail in response to Staff-13, the demand forecast has no impact on the fixed monthly charge to HORCI and WPLP's total demand forecast for the 2022 test year is immaterial in the context of updating the Network UTR.
- b) There has been no further effort to update peak load estimates for the IPA communities.
- c) WPLP used the Sioux Lookout data because it was readily available, and considering the immaterial impact of the load forecast, WPLP did not consider it necessary for HORCI to undertake additional effort to provide monthly trending data.

Based on WPLP's updated project schedule and updated evidence included as Exhibit K, WPLP is now only forecasting to add incremental load for two communities in 2022, both of which are currently served by HORCI. HORCI was able to provide 2020 monthly peak demand values to WPLP for these communities, which were considered in updating WPLP's 2022 load forecast as detailed in Exhibit K.

HYDRO ONE REMOTE COMMUNITIES INC- 5

Reference: Exhibit F/Tab 3/Schedule 1- Program Delivery Costs with Variance Analysis -
Table 2: Employee Compensation Breakdown

Preamble: N/A

Request:

- a) Please provide an update on the current staffing numbers?
- b) Please provide a description of the roles added in 2021?
- c) What other types of roles are expected to be added in the latter part of 2021 and 2022?
- d) As a ratio, the management to non-management structure is different than that seen in other more traditional utilities. Please provide an explanation of why this structure is necessary and efficient

Response:

- a) WPLP and WPPM (as Project Manager) currently have 25 (1- WPLP, 24-WPPM) direct full-time equivalents (8 multi-year project FTE positions and 17 permanent FTE positions).
- b) The following positions have been added in 2021:
 - Director, Operations & Engineering – Responsible for the operational, technical and administrative leadership to the Line, Substation, System Control, Customer Service, Metering, Fleet & Facilities, Planning Operations and Engineering group while maintaining a high level of organizational performance and overall financial success of the Project.
 - Manager, Communications – Responsible for assisting in the implementation of the Communications Strategy that will govern how WPLP will execute its communications responsibility that is consistent with the objectives of WPLP/GP.
 - Operations Engineer – Responsible for supporting business objectives and providing engineering expertise through construction and long-term operation of the transmission system.
 - Land Protocols Coordinator/Advisor - Responsible for coordinating the activities of the Land Protocols team and Elders Advisory Committee, arranging for in-community

assistance where needed, assisting with coordination of discussions with First Nations and gaababaamizowiniwaach (people responsible for what happens on the lands), directing communications among the relevant parties, and ongoing liaising with Wataynikaneyap.

- Transmission Engineer – Responsible for supporting transmission line engineering during construction, as well as transmission line operation and maintenance activities as assets come into service.
- Administrative Assistant – Responsible for providing administrative support as part of the Project Controls team.

c) The following positions are expected to be added in the latter part of 2021 and 2022:

- Stations Engineer
- Project Controls Coordinator (Project Employee)
- Manager, Construction (Project Employee)
- SCADA & System Control Specialist (Project Employee)
- Asset Management Specialist (Project Employee)
- IT Technical Analyst
- Manager, Forestry
- Executive Assistant
- Regulatory Accountant (Project Employee)
- P&C & Comm Engineer (Project Employee)

d) WPLP is staffed to: (1) oversee the construction project and (2) develop and implement an operational platform as assets come in-service. As a result, WPLP has more management functions to monitor and manage the construction activities and the transition to an operating company. Given the complexity of the construction project combined with the complexity of developing and implementing an operational platform, WPLP requires more senior level employees to successfully execute. As WPLP transitions to an operating company the number of non-management staff will increase and the ratio of management to non-management will decrease.

HYDRO ONE REMOTE COMMUNITIES INC- 6

Reference: Exhibit I/Tab 3/Schedule 2 -Monthly Fixed Charge to Hydro One Remotes

Preamble: N/A

Request:

- a) Does WPLP expect to file an application with the OEB in 2022 to establish the 2023 monthly fixed charge to HORCI? If not, how will this amount be determined?
 - b) Based on current project costs, timing, etc. what is a reasonable estimate on the total monthly charge to HORCI beginning in 2023?
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Response:

- a) Yes, WPLP expects to file an application with the OEB in 2022 to establish the 2023 monthly fixed charge to HORCI.
- b) WPLP has answered this interrogatory based on the updated cost and schedule forecasts presented in Exhibit K, which are based on the best information known at this time. A reasonable estimate of the monthly charge to HORCI beginning in 2023 is \$5.5 million for an annual total of \$66 million.